Charting the Next Course

INTERIM REPORT ON CONSULTATIONS

Government of the Northwest Territories

Northwest Territories

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Charting the next course – the mandate

In February 2006 the Honourable Floyd K. Roland, Minister of Finance, recognizing that the territory stands at an unprecedented time in its history, announced plans to develop a macroeconomic policy framework for the Northwest Territories.

The NWT is on the brink of tremendous economic opportunities, opportunities with the potential to transform the territory into a key economic driver, not only for the North, but for all of Canada.

The NWT economy has grown at an average rate of 10 per cent per year between 1999 and 2005, far exceeding any other jurisdiction in Canada. Most of this growth is driven by activity in the non-renewable resource sector, especially diamond mining. This development creates jobs and brings opportunities to NWT residents and businesses.

And the prospects for continued strong growth in our economy are excellent. The Mackenzie Gas Project and projected oil and gas exploration, along with continued mining opportunities, mean the NWT will likely continue to be a national leader in economic growth.

These opportunities also create choices and raise important questions: what kind of economy do we want to see in the NWT? What principles should guide the choices we make? What obstacles stand in our way? What limitations do we face? And what are the most important actions and investments we can make to achieve our vision of a self-reliant territory, with a strong, thriving economy, one that creates jobs and opportunities for our people?

This last question is critical, because, although development has the potential to provide the fiscal resources to make key investments in our people and in our economy, these resources will not be unlimited. What investments will best bring long-term benefits to people and communities in the NWT? What is needed to create a positive environment for business and industry to invest in the NWT? What precautions should be taken to protect our environment and ensure development is sustainable? What investments should be made first, and how much should be invested?

Choices must be made and priorities established.

In order to help guide its decisions in making these choices, the Government of the NWT (GNWT) is developing a macroeconomic policy framework or "economic roadmap." This economic roadmap is being developed with as broad a range of input and assistance as possible – from Members of the Legislative Assembly, recognized experts, Aboriginal governments, the business community, organizations, industries, community governments and residents.

In November 2006, the Minister of Finance announced a broad consultation process designed to provide input to be used in formulating a long-term macroeconomic policy framework for the Government of the Northwest Territories.

This document summarizes the results of the consultation and outlines the next steps in development of the framework.

Action taken

The key elements in the development of the macroeconomic policy framework are:

1. **Environmental scan and analysis of key issues.** The environmental scan was provided in the form of an economic background paper. The paper described the factors determining the economic growth and development and discussed linkages with the national and global economies and what the GNWT could do to influence this. The analysis of key issues was summarized in a workbook that was distributed to key stakeholders and the roundtable participants and put on the NWT Finance website for comments.
2. **Consultation on key issues.** Stakeholders and the public were invited to comment on the workbook. On November 9, 2006 Finance Minister Floyd Roland announced a series of roundtable meetings with stakeholders from Aboriginal, business and community groups. Discussion during the roundtable meetings was to provide the Minister with input to be used in formulating a long-term macroeconomic policy framework.
3. **Development of a Framework.** This includes a third roundtable following the 2007-08 NWT Budget to review the recommendations, followed in turn with a draft economic roadmap, and concluding with a final macroeconomic policy framework.
4. **Ongoing review and analysis.** Ongoing analysis of the outcomes of the framework and progress in achieving its goals will be undertaken to ensure that the framework remains current and relevant.

Thirteen submissions were received from organizations and individuals, bringing different perspectives to the questions that we raised. These submissions and the roundtable discussions are the main inputs to the initial phase in the development of the long-term macroeconomic policy framework.

The roundtable sessions brought together groups of people to discuss important questions about the future of the NWT's economy, and provided an opportunity to exchange views among people representing business, communities, Aboriginal people, social agencies, health care and education. The Yellowknife roundtable included primarily business representatives; the Inuvik roundtable reflected more of a community focus. Session participants were asked two basic questions:

1. **What kind of economy do we want to develop for the NWT for the next five, ten or twenty years?** As part of this question, participants were asked to discuss the principles that should guide our economic vision, to prioritise economic sectors, and how linkages between the sectors, regional and community economies could be strengthened. They were asked to discuss the obstacles or limitations standing in our way and what are the most important actions and investments we could make to achieve their economic vision.

2. **What choices do we need to make to be ready for the challenges of a growing economy?** Participants were asked to comment on choices involving people, infrastructure, taxes and other government revenues, government services, decision-making, community capacity, and environment and the land.

What do we want as an economy? What we heard

We asked: If we could paint a picture of the economy we want twenty years from now, what would it look like?

The NWT economic background paper described the reality of the NWT economy. The NWT economy has grown at a tremendous rate over the past six years, outpacing growth in the rest of Canada. However, much of this growth is directly tied to diamonds. Mining and oil and gas combine to make up the largest share of the NWT economy.

Not surprisingly, exploration and development of our natural resources has spin off benefits, especially in construction, manufacturing, and professional, scientific and technical services. With these developments, employment has steadily increased and the NWT labour market is operating at close to full capacity, with 72 per cent of adults in the NWT employed. Better jobs are translating into higher incomes for people in the NWT and the disparities in incomes among NWT residents are falling.

While it is still expensive to live, work and do business in the NWT, the difference between the cost of living in the NWT and southern Canada has decreased.

Looking ahead, we expect to see continued investment in large-scale non-renewable resource projects (completion of a third diamond mine and additional investment at existing diamond mines, construction of the Mackenzie Gas Project and anchor fields).

There also are opportunities to expand tourism, forestry, fishing, fur harvesting, and hydro-electricity.

Combined with the opportunities ahead, there are some challenges we need to address:

- *the NWT labour market will not be able to meet the demand for skilled labour from new projects as it is already at almost full employment*
- *much of the available supply of labour in the NWT has less than a high school education*
- *although employment rates in the NWT's smaller communities have been rising, they are still lower than those in the larger communities*
- *the federal government is the biggest beneficiary of resource developments in the NWT today and an equitable resource revenue-sharing deal with governments in the Northwest Territories has yet to be achieved*
- *the NWT economy is small in relative terms, and therefore will be easily influenced by external factors*
- *although differences in costs are declining, the cost of living and doing business in the NWT is still high compared with southern Canada, making it more difficult*

for NWT businesses to compete and attract employees, and for local businesses to grow

- *businesses in southern Canada don't always find it easy to do business in the NWT because they have to deal with several governments at once and the direction is not always clear*

We heard as a common theme: the future economy for the NWT should be balanced, diversified and sustainable.

People want to see a diversified economy – one that serves people over the longer term, is not overly dependent on the ups and downs of natural resources, builds on the traditional economy in the North, and provides opportunities for both big and small businesses.

We want our future economy to be balanced, diversified and sustainable, which means looking at more than just oil and gas or diamonds. We need to also look at tourism, the public sector and small business opportunities. An efficient and effective transportation system with reasonable access to all communities would help create these opportunities.

People want a balanced economy that serves the people of the NWT. It's about people first, not just money. It should be determined by the people of the NWT; support traditional culture and economy; serve social, environmental, cultural and community objectives; promote the well-being of Northerners; and maximize benefits for Northerners. We have to stop saying we can't get the benefits of economic growth in the North and put the right policies in place.

The economy should be diversified and sustainable over time. People are worried about another "boom and bust" cycle and we have to accept the fact that this boom is transitory. The experiences of the 1980s ("Dome days") could be repeated if we don't prepare for longer-term sustainability. We need to plan ahead and look beyond the current boom so communities, regions and individuals are left with longer-term benefits. Concrete short- and longer-term goals should be set.

We asked: What principles and priorities should guide our economic vision?

We asked if the six principles of the NWT Economic Strategy Panel (see page 22) were the right principles to guide our vision for the NWT's economic future.

We heard:

There was general agreement that the principles outlined by the 2000 Economic Strategy Panel are still relevant. However, a number of individuals and submissions suggested that the principles don't go far enough and should include a specific principle of environment protection that could ensure environmental management and protection plans come in advance of any plans for economic development.

A key priority noted by many is that NWT residents must receive a fair share of revenue from resources. "Without that, we're toast" and we will have no ability to put the right tools in place for residents and communities to grow. A prime objective should be to reduce our dependence on the federal government. Northerners should be the main beneficiaries of economic growth in the North.

Others saw the principle of building capacity and developing potential within individuals, organizations, communities and regions as the leading principle and therefore believed education and skills training should be the number one priority.

We asked: Should some types of economic development or industries be encouraged or discouraged?

It is clear to all of us that the NWT's strong economic growth results from outside demand for our natural resources, especially diamonds, oil and gas. The purpose of developing the economic roadmap is to answer the questions: where do we want to go and how do we want to get there? We asked what should the priorities be in NWT's future economy? What kind of mix do we want to see? What challenges are there in promoting this mix?

We heard:

Views diverged on whether the NWT should seek more large resource developments, but all seemed to agree that our dependence on current non-renewable resource developments is not healthy. Some noted that even a mix of non-renewable resource projects was more sustainable than relying heavily on one sector, such as diamond mining.

It was clearly heard that we want and need industries and businesses that believe in giving back to their community.

Everyone seemed to agree that the high cost of living is a barrier to economic development in the NWT, especially in smaller communities. One of the reasons we have so many people flying in and out for jobs is because it's too expensive to live here. We need to work on economies of scale, make things more affordable, reduce the cost of living and level the cost of electricity. Strategic transportation system investments will help us create an environment that attracts industry, manages development effectively, and maximizes the benefits from resource development.

There are serious social problems that need to be addressed (e.g. drug addiction and alcoholism). We need to deal with the human problems, not just the economic ones; we have a huge fiscal and social responsibility. Young people don't have the skills they need to deal with the money they're making and they end up with addictions and social problems.

Labour force shortages are a serious problem in the North, but we're not alone. This is a problem all across North America.

Some felt that communication between business and government needs to be improved. Red tape and current processes need to be simplified. It makes doing business in the NWT a challenge.

We need to make a clear and consistent case to the federal government on both Territorial Formula Financing and devolution of resource revenues. Outstanding land claims need to be settled.

The pipeline should be a unifying force not divisive, but we're fighting internal battles.

We asked: What will regional and community economies look like?

We asked what the future looks like for local economies. Do we envision communities each having their own strong, local economies and served by regional centres acting as hubs for specialized services and business networks? If we want to promote local economic development, what types of local businesses should we encourage and how do we achieve this without ongoing government support?

We heard:

People supported balanced growth between large and smaller communities. Smaller communities currently don't have the capacity to look after their own basic maintenance needs. From a tourism perspective, there's no community that is too small to develop opportunities; we shouldn't let this opportunity pass while all the focus is on the pipeline.

We need to understand that people are mobile and they will go to where there are jobs and opportunities. We're trying to maintain a small community lifestyle, but once young people get education and skills, they want to use them and pursue opportunities outside smaller communities.

The economy should be marked by equity and balance across communities, regions, and individuals. We want to be independent of big corporations but interdependent on each other. That involves developing closer links/partnerships across regions and building trustworthy relationships. There needs to be more support for women and Aboriginal people.

One of the key drivers of the economy has to be small business. Small businesses provide a good opportunity for training but they face significant hurdles in accessing small amounts of capital. Financial institutions won't support small businesses.

We want healthy communities that have reasonable employment prospects with opportunities to advance. There must be adequate, affordable, available housing for all community members including professionals. The government offices and school staff should be representative of the community members.

We asked: Should we try to manage the pace of growth?

Current global market conditions are pushing major new developments in the NWT in our resource industries. All of these developments will put pressure on our infrastructure, our communities, our people, and our environment.

Investment is undertaken now in a global context. If we say we are not ready for development now, investors may go elsewhere, and may not be there when we say we are ready.

Given this, we asked if we should try to manage the pace of growth. And if so, what factors need to be considered to manage and to anticipate the impact of growth?

We heard:

The responses to the question of managing the pace of growth were clear: "yes," "absolutely," and "most definitively." We don't want people just to come in, grab the cash and run. We should focus on sustainable industries, not just diamonds. And we need to manage, not destroy, renewable resources. Some wondered why we seem to be pushing for more large-scale economic development when we are already at full employment. Even those that fully supported more large-scale developments such as the pipeline warned that projects should be staggered.

Some said that we are still not ready for more large economic projects and worried that these projects would come and go before we were ready for them. We need the local infrastructure to be in place in advance of more economic development. Projects like the pipeline may be too big for us to handle and would "happen to us" instead of being managed by us. This concern was tied to the worry that mining corporations leave NWT lands in "whatever shape they can get away with," leaving taxpayers with the environmental clean-up costs.

Others wondered why we were even discussing more large-scale resource development projects without a resource revenue-sharing agreement in place with the federal government.

A strategic environmental assessment approach was proposed as a means to provide a streamlined tool to evaluate the cumulative environmental and social impacts of multiple development projects. When complemented by other planning, monitoring and management frameworks that set clear thresholds on development, this approach can provide a means to manage the pace of economic growth.

What choices do we need to make? – What we heard

People

We asked: What do we need to do to make sure Northerners are ready for the challenges of a growing economy? What are we doing right? What do we still need to do?

We heard:

Education was a key focus at both roundtable sessions and in most submissions. People expressed concerns about the quality of education and the outcomes young people achieve. Not enough young people complete high school and go on to skilled trades or professional education. As a result, there will be serious shortages of skilled people to fill the jobs created in the economy, we will continue to have to bring people in from southern Canada and other locations, and local people will be able to fill only the basic, entry level positions.

We need to educate with vision. We have to make sure that children in school today understand the advantages of completing high school and the opportunities that post-secondary education can open up for them. We have to promote adult upgrading and put more emphasis on trades that will attract and retain students. We have to invest more in childcare so parents can take advantage of training, educational and work opportunities.

We need to address social services and family problems, not just economic opportunities. It is linked to education, but education can't be the foundation if the conditions aren't right in the home or the community. A parental mentorship program should be considered. Drug and alcohol treatment programs need to be improved.

We need to make sure we maintain our traditional economy and our quality of life. We need more creative ways to encourage participation in the local mixed economy. Why not subsidize traditional lifestyles for those that want them instead of paying a similar amount in social assistance to the same people?

We asked: *Should we encourage people from smaller communities to move to larger centres where there are more jobs and more economic growth?*

We heard:

Steps need to be taken to facilitate people moving from smaller communities to job opportunities in mining, oil and gas. The problem is that it's cheaper to fly people in from southern Canada than from Fort Simpson or other NWT communities.

Life in larger centres requires life skills that some of our people do not have. If we are going to encourage people to move from smaller centres to larger centres for opportunities then we need to put in place training and supports for these people.

We asked: Should we encourage people from other parts of Canada and around the world to come to the Northwest Territories?

We heard:

We need to understand that diamonds and likely oil and gas will continue to be a "fly in and fly out economy." This is happening all around the world, not just in the NWT. Still, we want to ensure that NWT residents get the first chance at jobs in the NWT. This will mean making sure that NWT residents have opportunities to get appropriate training and that companies are encouraged to hire local first.

Some noted that the projected employment growth in mining is substantial and the demand can't be met by Northern workers alone. Mining companies have bent over backwards to hire Northern workers but the reality is that they will find people wherever they can. We need a coordinated approach, built on what has worked well in the past.

We need to do a better job of marketing the benefits of the NWT in terms of business opportunities and lifestyle.

Some suggested that we should work with the federal government on an immigration strategy that provides the workers that the economy will need in the future. Others wondered if we had or could afford the infrastructure to support newcomers from other parts of Canada and other countries when there are already concerns about housing, the quality of schools and the lack of daycare spaces. When we already need more education services and training, some asked if we had the fiscal resources to fund English as a Second Language.

We asked: What steps do we need to take to make sure we have the workforce we need to match the demands of our growing economy?

We heard:

Education is clearly a top priority. We need to develop a skilled workforce and that means education is key. The quality of education is not as good as it should be. People are being trained for short-term jobs but not longer term careers. They're not really prepared for jobs in industry, let alone higher education like nursing or law. Furthermore, educated people leave the community; they don't stay in the North, especially not in smaller communities, because they can't make money there.

We're not prepared for upcoming economic growth, especially when it comes to people and skills. We need to find ways of attracting people from smaller communities and the "untapped Aboriginal workforce." Education is absolutely the key and there needs to be more emphasis on skills training. Aurora College should put more of a focus on training and skills development.

Education and skills training are essential. People need transferable skills so they can take advantage of opportunities. We also need to set real standards for schools. We're starting to see some successes with vocational training; young people are starting to stay in school but we need to set up more school shop programs at the junior high level

to keep children in school. People need a better understanding of how money works, bookkeeping and basic skills to operate a business. We need more counselling for young people in communities. We need to provide more training in trades and increase the availability of trade programs to small communities.

We all agree that education is important but the quality is not good enough. Not only is it difficult to keep students in school to grade 12, the ones who do stay really don't have a grade 12 and have a real disadvantage when they go on to post-secondary education or trades. They are not well prepared for jobs in industry let alone higher education like nursing or lawyers.

It is hard to keep students in their last few years in high school if they can make good money working in mining and development projects with a grade 10 or less. We need to work in partnerships with our employers to ensure they set higher expectations before hiring young people out of school. Labour is a major challenge. We train people, but then they leave for other jobs. And we can't compete with Alberta and BC on salaries and benefits. We need to take steps to attract more Canadians to come North.

Infrastructure

We asked: What infrastructure investments should be the priority?

Infrastructure, whether technological, municipal or transportation provides many benefits to territorial, regional and local economies, providing opportunities for economic development as well as improving people's quality of life.

We heard:

People tended to focus on transportation infrastructure as essential to building our economy. That includes all modes of transportation from rail to roads to air, but roads and airports in particular. Highway transportation is important to decentralize growth outside of Yellowknife and allow smaller communities to participate in and benefit from economic growth.

Some said that the GNWT could influence economic development by investments in transportation infrastructure. Minimal investment will tend to discourage all but the most economically attractive development. Expanded investment in new and improved infrastructure encourages more marginal development and provides a range of benefits that flow across the territorial, regional and local economies including: lower travel costs, reduced travel times, improved safety, greater access to goods and services, more employment and business opportunities, increased intercommunity travel and cultural exchange. New roads, in particular, provide increased mobility and reduced costs and can lead to tourism, renewable resource development, and other business and employment opportunities. Transportation can also have important social and political implications with respect to small, isolated communities and the reduction of regional disparities.

The GNWT Department of Transportation has prepared a number of strategies and funding proposals that link transportation and economic development, including

Corridors for Canada and *Corridors for Canada II: Building on Our Success*. The Department also has models for evaluating the impacts of transportation projects. The NWT economic roadmap should continue to support these funding proposals and place a high priority on both protecting and enhancing our existing infrastructure.

Non-renewable resource development can also be the impetus for the construction of infrastructure such as new roads. However, a key consideration is how much influence the GNWT should bring to bear on private road developers to align roads to given projects so that they benefit communities and provide access within the region well beyond the lifespan of a given development.

We heard that the Mackenzie Valley highway is important; it should proceed along with the pipeline, or possibly after the pipeline when people have the skills and can move from working on the pipeline to working on the highway. Others wondered if the Mackenzie highway would bring enough long-term benefits to justify the huge investment that it would require.

We also need technological infrastructure and support programs to help businesses that use high-speed computer technology.

Taxes and Other Government Revenues

We asked: What changes should we make to taxes in order to attract more investment and business?

We heard:

On taxes, people will always be happy with lower taxes but there are more important priorities than lowering taxes (e.g. investing in essential infrastructure, cutting red tape, improving education, and investing in housing). Government should continue efforts to keep taxes competitive, stable and predictable. We could look at incentives for development in smaller communities.

Some suggested we should "look after our own first" and consider incentives for businesses to hire local people first. That could include an employee-based tax credit for hiring a certain threshold of Northern workers.

Taxation has to be fair and we need to make sure that industry is paying its fair share. We need to be creative in taxing diamond mines, set tougher expectations, and stimulate small business. Consider carbon taxes, capital taxes and payroll taxes. If companies want to do business here, they should have to pay taxes here.

Breaks in taxes should be designed to reward industries and development that have demonstrated a long-term commitment to the NWT and have a history of contributing back to the territory.

Some felt that resource extracting companies should be restricted to a fair rate of return rather than windfall profits.

We asked: What's the best way to ensure the Government of the NWT receives more of the financial benefits from the development of our resources?

We heard:

The key is for the NWT to get control of its resources. If we don't have the revenues, we can't move forward with what needs to be done.

We should consider setting up a "permanent fund" like the Alaska fund.

The federal government has promised funds if the pipeline goes through, but we need those funds now to prepare people and infrastructure and deal with problems like drugs before they get worse. The pipeline is going to go right through our backyard and pump millions of barrels a day and how will we benefit? Are we ready?

We need adequate Territorial Formula Financing arrangements.

Government services

We asked: What government services are most important to achieve the economic vision we set?

We heard:

We should do a better job of marketing the North (e.g. business opportunities, lifestyle, and tourism opportunities).

In social agencies, we're not used to focusing on money, but "money makes the world go round." For us to protect the environment, provide education and social services, we need money; so we need to change our view and look at what money could do for us. Social agencies are struggling to "pick up the crumbs" to deal with issues like family violence and addictions. We need to balance our emphasis on the economy with social goals and maintaining our language and culture. Social services currently aren't adequate to provide the support people need.

The GNWT should provide the necessary leadership and a strong voice for the North. That includes being tough during the review process for the Mackenzie Valley Pipeline and making sure our voices are heard. We've been too worried about scaring away development.

Government services should focus on getting people ready through education, social programs and health services. The government should make students aware of both the financial and emotional supports available to them should they undertake post secondary education (e.g. scholarships, support systems, transition residences).

We should look at efficiencies in government services (e.g. 100 government positions in a town of 800). The ratio of head office to regional services is "out of whack."

There needs to be coordination between departments to avoid unnecessary duplication of services.

We need to provide transition support at colleges and universities, i.e., counsellors. Those post secondary institutions that provide assistance for northern and Aboriginal students are retaining their students (e.g. Grant McEwan College in Edmonton, University of Saskatchewan, University of Alberta).

Support for NWT students attending post-secondary education in the south should be increased. There needs to be help for Northern students who rely heavily on family support.

We asked: What adjustments do we need to make to government services to make sure they can respond to growth in our economy?

We heard:

The GNWT has an important role to play. It needs to support an economic vision through education, improving access to day care, addressing high costs of living, help building partnerships, and encouraging greener energy sources to reduce the consumption of energy. Government should act as a facilitator/catalyst to enable growth and development.

We need to build capacity in individuals and in communities. That includes well-trained people and opportunities for re-training, especially for women and Aboriginal people. The quality of education is not as good as it should be. Industry has provided training but nothing seems to come from it. We need to ensure that Northerners get the skills they need before we bring other people in.

We need healthy people for a healthy economy. Education is part of that but so is understanding culture and being physically healthy.

Steps should be taken to stimulate small business. People want opportunities for jobs but they also want to be entrepreneurial and set up their own small businesses. There are huge opportunities for contracting in the future, but barriers need to be addressed. We should consider ways of sharing services across small businesses (e.g. through cooperatives). There is a lot of frustration involved in developing proposal after proposal for government funding, not getting anywhere, and fighting with government officials for funds.

Decision making

We asked: What steps could be taken to streamline processes and speed up decisions?

We heard:

Steps should be taken to streamline and improve processes. For example, environmental processes and controls should be in place and not bypassed, but there should be a formula in place that allows approvals to be made within six to nine months.

Streamlining processes should not be code for relaxing regulations for the benefit of industry. The GNWT needs to implement a strategic environmental assessment approach, help get land claims settled, and put in place well-balanced land use plans with clear zoning to delineate permitted development activities and set clear thresholds on development for each settlement region in the NWT. This will provide industry with clarity, transparency and certainty and, at the same time, protect the NWT environment.

The GNWT needs to measure and reduce the regulatory burden on small businesses. The cost of compliance is higher for small business. Large companies have the human resources to deal with government regulations but in small businesses it is often the owner. Communication with small business is key: the GNWT needs to make small businesses aware of new regulations, provide prompt and consistent replies to inquiries, and write regulations in plain language.

Community capacity

We asked: What steps should be taken to increase the capacity of communities to anticipate and support economic growth?

We heard:

Communities need to have the capacity to benefit from economic growth. That includes education but also housing, public libraries, and social supports. Government should also look at how it organizes and delivers services to communities; each department has its own way of dealing with communities and this tends to separate functions rather than provide a coordinated approach. We need to maintain a mix of large and small communities, but people can't expect the same level of services in smaller communities. When you bring in programs for small communities, bring in the idea that there's a cost for this – you can't constantly go to the territorial government. Infrastructure, especially roads connecting to smaller communities, is important to allow those communities to develop.

We need to get smaller communities ready for development, not put development in place and then try to catch up. That means listening to communities, providing the tools they need and supporting them. If we don't have infrastructure in place in communities, including day care, we won't get people to participate in the economy. Consideration should be given to setting up integrated community sustainability plans. Communities

also need support in implementing programs (e.g. literacy). We also should look at the incentives involved in current housing programs.

Improved transportation can reduce the cost of living and help to create strong and healthy communities. Improving highway connections to NWT communities in the outlying regions will result in less reliance on expensive air service and generate savings that could be used for other social or economic opportunities within these communities. A transportation system that links these communities effectively to markets, services and businesses will provide NWT residents with many of the opportunities that Canadians in the south take for granted. These opportunities translate into improved access, lower transportation costs and economic diversity.

There should be more cooperation across communities and levels of government to address some of the key challenges in communities (e.g. child care, poverty, and housing). We need well-developed programs to help people move out of poverty and reduce the gap between rich and poor. We should look at programs that have worked well (e.g. Student Financial Assistance, maternity leave) and expand them.

First Nations have to be involved in community consultations, not just when we disagree or there is a confrontation.

We need balanced growth between large and small communities. We haven't built capacity in communities to look after their own basic maintenance needs and, as a result, we continue to see fly-in trades people. Why can't industries provide this training then allow people to either work in mines and industry or stay in their home communities and open their own businesses?

Environment and the land

We asked: How do we support economic growth and also preserve our environment for future generations?

We heard:

Environment should be a priority. Government needs to help communities and organizations "go green." We should be looking at clean energy options such as hydroelectricity and also carefully assess the environmental impact of the Mackenzie Valley pipeline.

Priority should be placed on protecting the land and the environment for future generations with the development of clear policies for land, water and sustainable energy use. The *NWT Protected Areas Strategy* should be used to set aside a network of protected areas that include both culturally and naturally significant areas. We need clear land use and land and water management plans with clear rules for development. The multiple regulatory approvals need to be integrated so that the cumulative environmental effects of resource development is clearly understood and considered in the regulatory process.

We asked: What should the priorities for investment be?

We asked that participants in the economic roadmap project to rank the choices and options (educating people, developing infrastructure, keeping taxes competitive, improving government services, streamlining decision-making, increasing community capacity, and protecting NWT's environment and land) identified in the workbook in terms of which ones will provide the highest return to NWT residents.

We heard:

Not all submissions ranked the priorities but the roundtable participants were specifically asked to do so, and the responses of the individual participants were summarized. Both roundtables made educating people the number one priority. This was not surprising given the comments expressed during the roundtable discussions. Keeping taxes competitive and improving government services were not the highest priorities in either the roundtables or the submissions that were received.

Yellowknife Roundtable Priority List

1. Educating people
2. Developing infrastructure
3. Streamlining decision making
4. Protecting environment
5. Keeping taxes competitive
6. Building community capacity
7. Improving government services

Inuvik Roundtable Priority List

1. Educating people
2. Protecting the environment
3. Increasing community capacity
4. Development infrastructure
5. Improving government services
6. Streamlining decision making
7. Keeping taxes competitive

Next steps

We heard from many people and expect to hear from more in the coming months. Now it's time to take the next step: to put the pieces together and build a macroeconomic lens to help the next government look at where it invests, how it invests and what outcomes it achieves. The objective is to choose the best investments that give the right returns for Northerners. And when we make these tough choices, we want to be sure that NWT residents understand why.

Right now we are benefiting from large-scale resource projects but for the longer-term we want an economy that is diversified and balanced – one that is able to deal with the boom and bust cycle. We need to remember that the economy is at the service of social, environmental and community objectives. The goal is maximizing the benefits of investments in economic development for Northerners.

The question is how to target our efforts to achieve this.

We have huge issues: labour shortages, problems with the quality of education, and high costs of living, especially in the smaller communities.

These issues are not new. However, we should recognize that we have come a long way in the last decade. We're not isolated from the global economy. We deal with international companies. Policies from both government and industry have supported the creation of new jobs and opportunities. We have numerous success stories that we can be proud of. Now is the time to take the next step and deal with the big picture – not just one-offs on a project-by-project basis.

We need to develop a greater awareness of what's already been done, what's worked, what we can do better, and what we can build on.

We've heard people say we need a better deal on resources. The NWT has been negotiating with the federal government for an equitable deal on resource devolution for many years. We need this money to make investments that will grow our economic base and lessen our dependence on the federal government. However, there will never be enough to fund all the programs that we would like. The challenge, then, is to make sure we're making the best use of every dollar we invest.

In building our economic roadmap, we need to make sure we achieve the right mix and balance. We need to determine what role government can and should play in attracting and expanding secondary industries. Our main tool is taxation but are we able to use this to attract the industries that we want? We need to get a clearer understanding of the complexities involved and what it will take to encourage the development of a balanced and diverse economy.

It will take time for the framework to be implemented and to achieve the results we want. In the end we will have a broader perspective on the issues and a better understanding of the tools we need to build capacity in communities, to allow people to take advantage of economic opportunities, and to make sure families have the resources to take care of themselves.

Another roundtable will be held after the 2007-08 Budget to review the outcome of the first round of consultations and to establish key goals and strategies for the short, medium and long term. As well, the consultations are expected to address how success of the economic roadmap goals and strategies will be measured. A draft economic roadmap will be prepared in June 2007, with a final macroeconomic policy framework released in September 2007.

For further information

If you have questions about the consultation process, please contact:

Department of Finance

Phone number: 867-920-6436

Email address: economicroadmap@gov.nt.ca

Please forward your comments and responses to:

Fiscal Policy Division
Department of Finance
P.O. Box 1320
YELLOWKNIFE, NT X1A 2L9

or email: economicroadmap@gov.nt.ca

This document and other background information are available at:

www.fin.gov.nt.ca/economicroadmap

List of Submissions

1. "The Economic Impact of NWT Barren-Ground Caribou Outfitters: The Impact on the NWT Economy of the Barren-Ground Caribou Outfitter Industry in 2005", Ellis Consulting Services (September 2006)

2. *Mineral Economies and Success Factors for Avoiding the Natural Resource Curse: A Sub-National Case Study of Canada's Resource-Rich Northwest Territories*, Tawna Brown, February 22, 2006

3. Roundtable on Macroeconomic Policy Development, comments by Chief Ronald Pierot, November 20, 2006

4. WWF-Canada

5. GNWT Department of Environment and Natural Resources

6. Canadian Federation of Independent Business, *Submission to Charting the Next Course - Developing An Economic Roadmap for the Northwest Territories.*

7. Alternatives North, *Submission to the GNWT Consultation Process Charting the Next Course: Developing An Economic Roadmap for the Northwest Territories*, December 15, 2006.

8. Ecology North

9. Bob Overvold, Department of Indian and Northern Affairs

10. Northwest Territories Teachers' Association

11. GNWT Department of Transportation

12. John Cournoyea

13. Lloyd Cardinal, Fort Resolution Métis Council

Roundtable Participants

YELLOWKNIFE MACROECONOMIC ROUNDTABLE, November 14, 2006

Mr. Darrell Beaulieu, President/CEO, Denendeh Investments Incorporated
Mrs. Myra Berrub, President, Hay River Chamber of Commerce
Dr. Paul Boothe, Department of Economics, University of Alberta
Mr. Doug Doan, Department of Industry, Tourism & Investment
Mr. Robert Doherty, President, NWT Construction Association
Dr. Joseph Doucet, School of Business, University of Alberta
Mr. Jim Eirikson, President, Yellowknife Chamber of Commerce
Mr. Gerald Gagnon, Department of Finance
Ms. Peggy Garritty, Consultant
Mr. Brian George, P. Eng.,1st Vice-President, NAPEGG
Mr. Chris Johnston, CEO, NWT Metis Development Corporation
Mr. Winter Lennie, Chair, NWT Metis Development Corporation
Mr. Sean MacGillivray, President, NWT Chamber of Commerce
Ms. Val McGregor, President, Norman Wells Chamber of Commerce
Ms. Margaret Melhorn, Deputy Minister of Finance
Ms. Julia Mott, Communications Coordinator, Office of the Premier
Dr. Mike Percy, School of Business, University of Alberta
Mr. Gary Reid, Northern Air Transport Association
The Honourable Floyd K. Roland, Minister of Finance
Mr. Owen Rowe, NWT Construction Association
Mr. Ivan Simons, Director, Fort Simpson Chamber of Commerce
Mr. Allen Stanzell, Executive Assistant to the Hon. Floyd K. Roland
Mr. John Todd, Consultant
Mr. Mike Vaydik, General Manager, NWT and Nunavut Chamber of Mines
Mr. Peter Vician, Deputy Minister of Industry, Tourism & Investment
Ms. Robin Wotherspoon, Chair, NWT Tourism

INUVIK MACROECONOMIC ROUNDTABLE, November 20-21, 2006

Mr. Murray Arsenault, Manager, CEDO, Inuvialuit Regional Corporation
Ms. Marion Berls, NWT Association of Communities
Mr. Dennis Bevington, M.P., Western Arctic
Ms. Kelly Bluck, Department of Finance
Dr. Paul Boothe, Department of Economics, University of Alberta
Her Worship Mayor Winnie Cadieux, NWT Association of Communities
Chief Richard Nerysoo on behalf of Gwich'in Tribal Council
Ms. Nellie Cournoyea, Chair and CEO, Inuvialuit Regional Corporation
Dr. Joseph Doucet, School of Business, University of Alberta
Ms. Lillian Elias, Director, NWT Seniors' Society
Ms. Yvonne Fleming, Executive Assistant, NWT Association of Communities
Ms. Peggy Garritty, Consultant
Ms. Karen Hamre, Managing Director, NWT Protected Areas Strategy Management
Her Worship Mayor Maggie Levavasseur, NWT Association of Communities
Mr. Blake Lyons, Facilitator
Ms. Elaine MacIntyre, Department of Municipal & Community Affairs
Mr. Ben McDonald, Co-chair, Alternatives North

Ms. Margaret Melhorn, Deputy Minister of Finance
Mr. Tim Melnyk, NWT Association of Communities
Ms. Suzette Montreuil, Co-chair, Alternatives North
Ms. Denyse Nadon-Holder, Executive Director, Native Womens Association of the NWT
Chief Ronald Pierrot on behalf of the Assembly of First Nations Regional Office (NWT)
The Honourable Floyd K. Roland, Minister of Finance
Mr. Allen Stanzell, Executive Assistant to the Honourable Floyd K. Roland
Mr. David Stewart, Department of Executive
Ms. Helen Sullivan, Department of Education, Culture & Employment
Ms. Sharon Thomas, Executive Director, Status of Women Council of the NWT
Mr. John Todd, Consultant
Ms. Terry Villeneuve, President, Native Womens Association of the NWT

Principles – 2000 NWT Economic Strategy Panel

In 2000, the NWT Economic Strategy Panel suggested the following six principles to guide the development of an economic vision for the NWT:

- Recognize the competitive advantages of the NWT
- Ensure residents benefit from development of their resources, support opportunities for wealth creation, contribute to the health of communities, foster independence, and protect and manage the use of land for future generations
- Be determined by residents of the NWT, respect cultural diversity and land claims, and proceed at a pace that is determined by communities and regions
- Promote and foster partnerships: between aboriginal and non-aboriginal groups and corporations; between the public sector and the private sector; between communities and regions
- Build capacity and develop potential within individuals, organizations, communities and regions
- Encourage economic diversity, to create jobs and business opportunities, and foster creativity and innovation